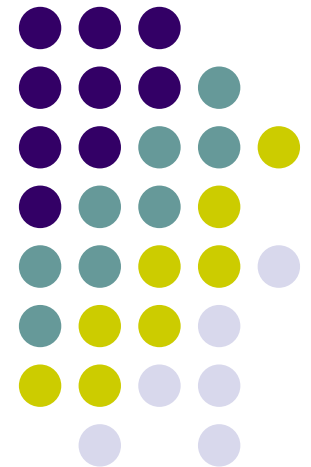


Governance by Design?

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What is governance?

- Rules to Guide Collective Decision-Making
- Rules that are stable over time
- Collective decision making among individuals or organisations
- The interest in governance reflects the phenomenon that we are searching for new rules in new situations

But can you design better institutions for governance?



- Some argue that it is a mission impossible
- Designers are not entirely rational ; non-instrumental factors affect the choice of governance arrangements
- Designers have short-term time horizons rather than the longer-term perspective required for institution building
- There are always unintended consequences

Ways forward 1: using normative principles



- Avoiding consequential argument and instead using normative criteria
- Example: devolution justified not by its good consequences but by the fact that it gives expression to the valued objective of autonomy
- This form of expression by-passes issues of rationality, is inherently long-term and can buy time to cope with unintended consequences
- Yet its advice tends to be always general and contested

Ways forward 2: rational choice theory (RCT)



- Actors are rational egoists who can be constrained by rules and norms
- Sustained theoretical and research interest in collective action
- Ostrom's work on the management of common pool resource issues taken as an example
- Theoretically driven and deeply empirically informed

Common pool resource governance



- Resources that are finite but common e.g. ~ fish stocks, water sources
- Is the answer to privatise ownership or send the state in?
- Not in all cases, rational individuals can create and sustain their own management systems more effectively: using schemas and decision aids
- Depends on getting tiers of rules and the principles of governance right

Ostrom's principles of governance design



- Rules are devised and managed by resource users.
- Compliance with rules is easy to monitor.
- Rules are enforceable.
- Sanctions are graduated.
- Adjudication is available at low cost.
- Monitors and other officials are accountable to users.
- Institutions may need to be devised at competing levels.
- Procedures exist for revision of rules

Scope and limitations of RCT



- Answers the mission impossible challenges by extending the subtlety of instrumentality and allowing for norms as sanctions
- By recognising the option of variable discount rates in judging the future and by allowing for heuristics of leaning and contingent strategies
- But is it trying to do too much with too few tools?

Ways Forward 3: Cultural Institutional Theory (CIT)



- The need for a more complex account of motivation and a socialised account of the individual
- Motivations extend beyond instrumentality: norms as commitment, expressive motivation, identity and motivation, intrinsic motivation
- But need a theory with analytical efficiency to match RCT and one that avoids the trap of 'mission impossible' syndrome



CIT as a way forward

- Individuals have a range of motivations
- Social context vital in explaining both their preferences and management strategies
- Social context is a combination of social relations and cosmology(world view)
- Combine to produce cultures that provide the context for understanding problems and selecting strategies
- Who am I? What shall I do?

Grid-Group Classification



- **Strong Grid and Strong Group**

- Hierarchy
- Well-organised and specified social context and roles
- World View: rules, authority, experts

- **Weak Grid and Strong Group**

- Egalitarianism
- Order achieved through peer pressure and commitment
- World View: mutual respect, equality, solidarity

- **Strong Grid and Weak Group**

- Fatalism
- Weak ties, sense of lack of control
- World view: hopelessness, cynicism, manipulation, coping

- **Weak Grid and Weak Group**

- Individualism
- Order achieved through loose ties, competition, market-like exchange
- World View: the value of individual achievement and risk taking

CIT: Analysing governance



- The variety of governance options
- Tailoring options to context
- Developing countervailing forces to overcome the pathologies of each cultural form
- Understanding the importance of symbols and myths along side rules and sanctions

Governance Mechanisms



	Grid Constraints: STRONG		
Group Claim: WEAK	Fatalism <i>Governance by Lottery: multiple overlapping initiatives and experiments</i>	Hierarchy <i>Top-Down Governance: contracts, inspection, regulation and oversight</i>	Group Claim: STRONG
	Individualism <i>Governance by Incentives: markets, information-sharing, trust, micro benefits and polycentric structures</i>	Egalitarianism <i>Governance by networks: power dependency, shared values and closure</i>	
	Grid Constraints: WEAK		

Types of ritual



- Ritual: a form of communication
- Future binding e.g. signing an agreement
- Past perpetuating e.g. commemoration of key event
- Past correction demanding e.g. public inquiry
- Present opening e.g. emotional atmosphere creating a demand for action

CIT's Principles of Governance Design



- Match governance mechanisms to the social context
- Understand the variety of governance tools
- Be aware that feedback mechanisms can create a pathological version of any governance mechanism
- Requisite variety: match main governance tool by others to avoid destructive feedback
- Use ritual to reinforce and support governance mechanisms
- Recognise the role of ritual in creating the framework for exchange between governance approaches
- Build interlocking tiers of governance
- Allow scope for revision